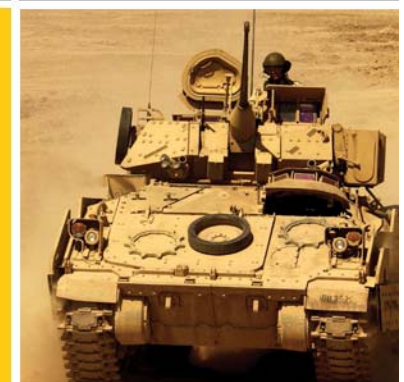


2nd Quarter FY 2006 IPR

Financial Improvement and Audit
Readiness (FIAR)

April 27, 2006



Agenda

- Current Metrics
- Current and Upcoming Deliverables
- Ongoing Issues



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2nd Quarter FY 2006 Metric

Financial Improvement and Audit Readiness (FIAR) Plan Progress Report

Department of Defense Consolidated Status																											
	2006				2007				2008				2009				2010				2011				Balance Sheet		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	%	
DoD Wide	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	-	-
Fund Balance with Treasury - \$238.2B - 19%																											
	2006				2007				2008				2009				2010				2011				Amount	%	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
OUSDC	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>												-	-	
Army	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		\$87.4B	37%
Navy	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		\$78.3B	33%
Air Force	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		\$63.4B	27%
USMC	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		\$8.4B	4%
DLA	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		\$0.6B	0%

Observations: 3 Navy key milestones were not completed due to delay in policy issuance and will be modified in revised version of Plan. 1 Air Force key milestone for the award of an IPA by the OIG was not completed due to negotiations with the OIG on the scope of the assertion. USMC completed the key milestone for the FBWT validation.



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2nd Quarter FY 2006 Metric

	Real Property - \$68.9B - 5%																								Amount	%	
	2006				2007				2008				2009				2010				2011						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
OUSDC	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○									-	-
OUSDC(AT&L)	●	●	○	○	○	○	○	○	○																	-	-
Army	●	●	○	○	○	○	○	○	▼	○	○	○	○	○	○	○	▼									\$23.0B	33%
Navy	●	●	○	○	○	○	○	▼	○	○	○	○	○	○	○	○	▼									\$16.5B	24%
Air Force	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	▼	○	○	○	○	▼				\$24.4B	35%	
USMC	●	●	○	○	▼	○	○	○	○	○	○	○	▼													\$3.8B	6%
DLA	●	●	○	○	○	○	▼	○	○	○	○	○	▼													\$1.2B	2%

Observations: OUSDC(C) issued a revision to the DoD FMR, established consensus on the 1998 baseline and revised the capitalization threshold. OUSDC(AT&L) approved the revised DoDI 4165.14 as planned and expects to issue it in April. Navy implemented selected transformational Real Property Inventory Requirements (RPIR), completed an initial CIP reconciliation with USACE, and DLA tested and trained its personnel on a web-based tool to track preponderant use property.

	Military Equipment Valuation - \$329.3B - 26%																								Amount	%	
	2006				2007				2008				2009				2010				2011						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
OUSDC	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○							-	-
OUSDC(AT&L)	●	●	○	○	○	○	○	○	○																	-	-
Army	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	▽	○	○	○	▽					\$96.7B	29%
Navy	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	▽									\$132.6B	40%
Air Force	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	▽	○	○	○	○	○	○	○	\$92.3B	28%
USMC	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	▽	○	○	○	○					\$7.7B	2%

Observations: OUSDC(AT&L), Army and Air Force completed 100% of their key milestones, which included delivering baseline valuation and assertion training and updating baseline data for asset deliveries and acquisitions. Navy and USMC expect to complete the update of the baseline data in Quarter 3.



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2nd Quarter FY 2006 Metric

MERHCF - \$60.7B - 5% Assets/\$538.4B - 29% Liabilities																										
	2006				2007				2008				2009				2010				2011				Amount	%
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Health Affairs	●	●	○	○	○	○	○	○	○	○	○	○	○	▽	○	○	▽									

FIAR Plan Deliverables

■ 31 March 2006

- Begin monthly reporting for both focus areas and non-focus areas
- Revision of Environmental Liabilities, FBWT and Military Equipment KMPs
 - Established critical paths (standardized milestones across services which prepare for audit readiness) for both Environmental Liabilities and Military Equipment
- Assignment of additional accountability to DFAS for monthly key milestone reporting

■ 30 June 2006

- Revision of Real Property KMP
 - Include RPIR data elements

■ Next version of the FIAR plan due September 2006

- Additional focus areas planned to be added include:
 - Inventory and OM&S
 - Accounts Payable
 - Accounts Receivable
 - Military Pay Obligations
- Plan to finalize IUS KMP



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FIAR Plan – Ongoing

- Monthly status updates of FIAR Key Milestones (KMs) for current quarter and upcoming quarter
- Continued coordination from ASA(FM&C) with functional offices for updates to FIAR Plan as needed
- Participation in OSD work shops and working groups
- Requirement of services to provide a memorandum to their Military Department Secretaries, if any revised KMP date changes (move out) previously approved audit dates, or if the audit date is not affected, then a memorandum from the MILDEP FM/C



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